

## Message Text

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C O N F I D E N T I A L KINSHASA 0241

EXDIS

E.O. 11652: GDS

SUBJ: MEETING WITH DIRECTOR PRESIDENCY BISENGIMANA

1. BISENGIMANA, DIRECTOR OF PRESIDENCY, AND I TALKED FOR WELL OVER AN HOUR JAN 9, TOUCHING ON NUMBER OF SPECIFIC PROBLEMS (SEE SEPTELS) AND GENERAL IMPLICATIONS OF MOBUTU'S MOVES TO "RADICALIZE REVOLUTION.

2. CONCERNING FAR EASTERN TRIP, BISENGIMANA SAID IT HAD BEEN FASCINATING EYE-OPENER. ON ONE HAND, PRES AND OTHER HAD RETURNED CONVINCED CHINESE COMMUNISM AND ORIENTAL CIVILIZATION WERE NOT RPT NOT APPLICABLE IN ZAIRE. ON OTHE HAND, THEY HAD DRAWN TWO LESSONS: FIRST, USEFULNESS OF ORGANIZING GENERAL POPULATION AND, SECOND, NEED FOR INCREASED SELF-RELIANCE. AT SAME TIME PRES WAS WELL AWARE THAT POSSIBILITIES OF SUCCESS AND METHODS TO BE FOLLOWED IN ZAIRE WOULD HAVE TO BE QUITE DIFFERENT. NO ONE NEEDED TO TELL THEM THAT ZAIROIS SYSTEM AND CULTURE WAS DIFFERENT FROM CHINESE.

3. I SAID I WAS GLAD TO HEAR THEY WERE NOT GOING OVERBOARD AND I AGREED USEFUL LESSONS COULD BE DRAWN FROM ALL SOCIETIES. BUT I ADDED I HOPED PRES WOULD NOT FORGET THAT ZAIRE'S MAJOR MARKETS NOW AND IN FUTURE WERE IN DEVELOPED FREE-WORLD COUNTRIES AS WAS ONLY REALLY SIGNIFICANT SOURCE OF CAPITAL AND TECHNOLOGY FOR DEVELOPMENT ZAIRE'S BASIC RESOURCES AND INDUSTRY.

4. BISENGIMANA SAID OF COURSE BUT WE SHOULD REMEMBER ZAIRE WAS NOT A WESTERN CAPITALIST SOCIETY EITHER. HOWEVER, HE WAS PERSONALLY ARGUING STRONGLY WITH PRES FOR NECESSITY TO PERMIT PRIVATE ENTER-  
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PRISE TO PLAY IMPORTANT ROLE IN DEVELOPMENT OF ZAIRE. NOT ONLY DID

HE, BISENGIMANA, BELIEVE THAT PRIVATE INITIATIVE WAS IMPORTANT, BUT HE WAS PERSONALLY CONCERNED THAT SOME OF PRESIDENT'S MEASURES --TAKING AWAY PRIVATE PROPERTY--WOULD CREATE BACKLASH. PRES NEEDED SUPPORT FROM HIS CLOSEST COLLABORATORS AND WHILE POLIT BUREAU MEMBERS HAD GONE ALONG WITH DECISIONS REQUIRING THEM TO RETURN BUSINESSES AND PROPERTY TO STATE, THEY WERE GOING AROUND TOWN WITH "LONG FACES." HE HIMSELF DID NOT OWN PROPERTY OVERSEAS, BUT HE FOUND NATIONALIZATION OF SUCH PROPERTIES RATHER THAN PERMITTING OWNERS TO SELL AND REPATRIATE PROCEEDS TO ZAIRE TO BE ILL ADVISED. THERE WERE TWO OTHER DANGERS. FIRST, THAT SOMEONE IN POLIT BUREAU WOULD ADOPT DEMAGOGUE'S ROLE AND DEMAND EVEN MORE RADICAL MEASURES THAN MOBUTU THOUGHT WISE OR THAT DISCONTENT WOULD DEVELOP IN ARMED FORCES. I ADDED THAT IN MY PERSONAL VIEW, PRES MIGHT BE PROMISING TOO MUCH OR AT LEAST FAR MORE THAN HE COULD DELIVER, THEREBY RAISING EXPECTATIONS WHICH, IF INDEED THEY COULD NOT BE MET, WOULD PROVIDE OPENINGS FOR OTHERS TO EXPLOIT. FRANKLY, I SAW LITTLE WRONG WITH MOST OF IDEALS BEING EXPRESSED BUT I WOULD BE ASTONISHED IF IN FACT UNEMPLOYMENT WERE ABOLISHED THIS YEAR IN ZAIRE. I WENT ON THAT THESE WERE INTERNAL CONCERNS, NOT REALLY MY BUSINESS, BUT I THOUGHT IT WAS MY BUSINESS TO ENCOURAGE ZAIRE AND US TO SHARE AN INTEREST IN MAINTENANCE ATTRACTIVE INVESTMENT CLIMATE HERE.

5. IT WAS MY VIEW THAT GENERAL DIFFICULTIES IN WORLD ECONOMIC SITUATION, DETERIORATION OF ZAIRE'S FOREIGN EXCHANGE POSITION, IN PART DUE TO IMPACT ON COPPER PRICES FROM RECESSION IN PRINCIPAL MARKETS, AND WELL-KNOWN ADMINISTRATIVE PROBLEMS IN PAYING FOREIGN OBLIGATIONS PROMPTLY, HAD ALREADY CREATED DOUBTS IN MINDS OF MANY INVESTORS AND BANKERS ABOUT INVESTMENT CLIMATE IN ZAIRE, AS HAD PAST ZAIRIANIZATION MEASURES. NOW NEW DECISIONS CONCERNING RADICALIZATION HAD CREATED NEW UNCERTAINTIES. IT WOULD BE HELPFUL IF HE COULD TELL ME MORE ABOUT WHERE ZAIRE WAS GOING AND WHAT IMPLICATIONS WERE FOR AMERICAN INTERESTS IN ZAIRE. HE REPLIED THAT WE HAD UNDOUBTEDLY NOTED THAT COMPLETE EXEMPTION FROM NATIONALIZATION WAS PROVIDED FOR ALL FIRMS WHO INVESTED IN ZAIRE UNDER INVESTMENT CODE PROVISION. HE THOUGHT THAT WOULD COVER ALMOST ALL AMERICAN INVESTMENT. I REMARKED THERE WERE NUMBER OF AMERICAN FIRMS NOT COVERED AND WHILE IT WAS TRUE MAJOR FIRMS WERE HERE WITH CONVENTIONS, I HAD NOTED THAT PRES HAD NOT REFERRED TO THIS EXCEPTION IN EITHER OF HIS TWO SPEECHES. BISENGIMANA SAID

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THERE NO NEED FOR PRES TO DO SO SINCE POLIT BUREAU DECISIONS WERE KNOWN. HE ASKED IF ANY OF NON-EXEMPT FIRMS WERE ENCOUNTERING DIFFICULTIES. I TOLD HIM ABOUT KALICAK (SEE SEPTTEL), SMALL CONSTRUCTION FIRM WHOSE BANK ACCOUNTS HAD BEEN FROZEN. HE THOUGHT SOMETHING COULD BE DONE AND WOULD TRY, BUT HE ADDED THAT HE HAD TO ADMIT THAT HE WAS IN NO POSITION TO GUARANTEE ME ANYTHING ABOUT FIRMS NOT COVERED BY INVESTMENT CONVENTION.

6. I THEN TOLD HIM THAT IN DISCUSSIONS WITHIN AMERICAN BUSINESS COMMUNITY, IT WAS VIEW THAT GOZ TAKEOVER OF ENTIRE CONSTRUCTION INDUSTRY WOULD BE UNWORKABLE. WHILE I UNDERSTOOD THAT TO GET HOLD OF SITUATION ONE MIGHT WISH FREEZE ALL BANK ACCOUNTS, I PERSONALLY DOUBTED THAT CONSTRUCTION ACTIVITY WOULD LONG CONTINUE IF FOR EVERY BANK PAYMENT BY SOME HUNDRED COMPANIES, SIGNATURE OF MINISTER WERE REQUIRED. HE SEEMED GENUINELY UNAWARE THIS WAS SITUATION. HE SAID HE TOO DOUBTED GOZ ABILITY TO RUN ENTIRE CONSTRUCTION INDUSTRY AND THAT HE COULD SEE DANGER THAT CORRUPTION WHICH SOME OF PRESIDENT'S MEASURES, E.G. CRACKDOWN ON EKETEBI AND COMPANY, WERE INTENDED TO REDUCE, WOULD BE FOSTERED BY SYSTEM WHERE IT WERE MORE IMPORTANT TO GET MINISTER'S OK ON BANKING TRANS-ACTIONS THAN TO BUILD.

7. INTERESTINGLY ENOUGH, ONE OF MANY INTERRUPTIONS DURING DISCUSSION WAS ARRIVAL OF SENIOR STAFF MEMBER WITH DEROGATION FROM CONSTRUCTION INDUSTRY MEASURES FOR FIRM ENGAGED IN DEFENSE CONSTRUCTION. IN REMARKING THAT IT NOT QUITE IN ACCORD WITH POLIT BUREAU VIEWS, BUT THAT IT WAS ESSENTIAL FOR FAZ, BISENGIMANA APPROVED DEROGATION.

8. HE ASKED IF I HAD SUGGESTIONS RE INVESTMENT CLIMATE--SO I MADE SOME. I BEGAN BY COMPLIMENTING HIM ON HIS STATEMENT THAT HE WAS ARGUING CASE FOR PRIVATE INITIATIVE WITH PRESIDENT. REGARDING PAYMENT PROBLEMS, I URGED THAT WITH NEW TEAM IN FINANCE THERE SHOULD BE MAJOR EFFORT TO DEVELOP BASIC PAYMENT SCHEDULES AND SYSTEMS TO MEET EXTERNAL OBLIGATIONS PROMPTLY AND ROUTINELY. AT THIS POINT, I DREW HIS ATTENTION TO GOZ FAILURE TO MEET PAYMENTS ON FAACONTRACT. REGARDING PAST ZAIRIANIZATIONS, I SAID IT WAS MOST IMPORTANT THAT SERIOUS COMPENSATION TALKS BEGIN SOON WITH MOBIL AND TEXACO. CLEAR REITERATION OF EXCEPTIONS AND, IF AT ALL POSSIBLE, PROMPT REMEDIES FOR OTHER US CASES SUCH AS KALICAK WOULD ALSO HELP.

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9. HE SAID PLANS WERE ALREADY UNDERWAY TO SYSTEMIZE HANDLING FOREIGN DEBT AND THAT HE WOULD ENDEAVOR TO HAVE FAA PAYMENTS MADE. HE AGREED ON NEED TO NEGOTIATE WITH MOBIL AND TEXACO AND REMARKED THAT COMMISSAIRE MUNTU HAD BEEN DELINQUENT IN NOT BRINGING STATUS OF CASE TO ATTENTION OF PRESIDENT. HE REPEATED WHAT HE HAD SAID EARLIER ABOUT TREATMENT OF AMERICAN INVESTORS.

10. DEPT WILL NOTE MIXTURE OF BOTH DISTURBING AND REASSURING ELEMENTS. ONLY TIME WILL TELL HOW MUCH WATER WILL BE ADDED TO THIS HEADY WINE, BUT JUDGING FROM PAST EXPERIENCE, MOBUTU, WHO IS PRAGMATIST AS WELL AS IDEALIST, WILL ACCOMODATE TO REALITIES AS HE SEES POLITICAL AND ECONOMIC PROBLEMS ARISING FROM HIS EFFORTS TO TRANSFORM ZAIRE THROUGH MOBILIZATION OF CITIZENRY AND LOCAL VERSION OF OPERATION BOOTSTRAP.  
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